County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://cao.co.la.ca.us

DAVID E. JANSSEN
Chief Administrative Officer

January 4, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVE TWO ORDINANCES TO AMEND TWO SHELL PIPELINE FRANCHISES, AND TWO ORDINANCES TO REPEAL TWO TEXACO PIPELINE FRANCHISES (ALL AFFECTED) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an ordinance to amend the proprietary petroleum pipeline franchise granted to Shell Oil Company, a Delaware corporation (Shell), by Ordinance No. 92-0021F, to reflect a transfer of the franchise rights to Equilon Enterprises LLC, a Delaware limited liability company, dba Shell Oil Products US (Shell OPUS); delete four franchise service areas located in the Long Beach, Los Angeles Airport, Harbor Corridor, and West Los Angeles unincorporated areas; and update the terms and conditions of the franchise.

2. Approve an ordinance to amend the common-carrier petroleum pipeline franchise granted to Shell California Pipeline Company, a California corporation (Shell CA), by Ordinance No. 91-0155F, as amended, to reflect the merger and name change with and into Shell California Pipeline Company LLC, a Delaware limited liability company (Shell CA LLC); reflect a transfer to Shell CA LLC, the common-carrier petroleum pipeline franchise rights granted to Texaco California Pipelines, Inc., a Delaware corporation (Texaco CA), by Ordinance No. 96-0019F; add one franchise service area located in the Rancho San Francisco unincorporated area; and update the terms and conditions of the franchise.

3. Approve an ordinance to repeal the proprietary petroleum pipeline franchise granted to Texaco Trading Transportation, Inc. (Texaco Trading) by Ordinance No. 88-0059F.

4. Approve an ordinance to repeal the common-carrier petroleum pipeline franchise granted to Texaco CA, by Ordinance No. 96-0019F.

5. Find that these projects are categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

6. Introduce, waive reading and place on your Board's agenda for adoption, the four ordinances that implement the recommendations, becoming effective 30 days from adoption thereof.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval will amend the Shell and Shell CA franchises to reflect pipeline transfers by Shell, a merger and name change by Shell CA, modify the Shell and Shell CA franchise service areas and update the terms and conditions of the franchises relating to transfers and assignments, payment of fees, providing annual reports, and providing indemnification, insurance and bonding. Additionally, approval will repeal the Texaco Trading and Texaco CA franchises, that are no longer needed following Shell's joint venture with Texaco, Inc. (Texaco).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of these ordinances to amend and repeal these pipeline franchises is consistent with this goal.

FISCAL IMPACT/FINANCING

Shell has paid the County $5,000 to process two ordinances to amend the franchises granted to Shell and Shell CA, and paid $5,000 to process two ordinances to repeal the franchises granted to Texaco Trading and Texaco CA. The Shell and Shell CA franchises together generate approximately $25,000 in fees for the County each calendar year.

The annual franchise fee for the Shell proprietary franchise will be 21 cents per linear foot for pipelines up to eight inches in diameter, plus three cents per foot for each diameter inch over eight inches. The franchise fee will be adjusted annually for inflation using the Producers Price Index. The annual franchise fee for the Shell CA common-carrier franchise will be calculated pursuant to Section 6231.5 of the State of California Public Utilities Code, and adjusted annually for inflation using the Consumers Price Index.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In February 1992 and April 1998, respectively, your Board adopted ordinances granting proprietary petroleum pipeline franchises to Shell (Ord. 92-0021F), and Texaco Trading (Ord. 88-0059F). In December 1991 and March 1996, respectively, your Board adopted ordinances granting common-carrier petroleum pipeline franchises to Shell CA (Ord. 91-0155F, as amended), and Texaco CA (Ord. 96-0019F).

In April 1999, Shell and Texaco, merged to form Equilon Enterprises LLC (Equilon), a joint-venture owned 56 percent by Shell and 44 percent by Texaco, which combined major elements of the company's Western and Midwestern petroleum refining, marketing and pipeline transportation affiliates. Equilon requested to transfer the Shell and Texaco Trading franchises to Equilon, and transfer the Shell CA and Texaco CA franchises to Equilon California Pipeline Company LLC (Equilon CA), a new common-carrier affiliate.

However, in October 2000, Texaco announced its merger with Chevron Corporation (Chevron), to form ChevronTexaco Corporation (ChevronTexaco). In order to receive approval of the merger by the United States Federal Trade Commission (FTC), Texaco agreed to sell its interest in Equilon (to Shell). ChevronTexaco received FTC approval in September 2001, obtained Chevron stockholder approval in October 2001, and finalized a sale agreement with Shell in December 2001. Shell now owns 100 percent of Equilon.

In April 2002, Equilon requested to transfer these franchise rights to the affiliate companies that resulted after Texaco's sale, and to repeal the two Texaco franchises that are no longer needed. The ordinance to amend the Shell franchise (Ord. 92-0021F), transfers the franchise to Shell OPUS, deletes four franchise service areas located in the Long Beach, Los Angeles Airport, Harbor Corridor, and West Los Angeles unincorporated areas and updates the terms and conditions of the franchise.

The ordinance to amend the Shell CA franchise (Ord. 91-0155F, as amended), reflects Equilon CA's merger and name change with and into Shell CA LLC, approves a transfer of the Texaco CA franchise rights (Ord. 96-0019F), to Shell CA LLC, adds one franchise service area located in the Rancho San Francisco unincorporated area and updates the terms and conditions of the franchise. These franchise ordinances continue to allow the Chief Administrative Officer to approve an assignment of the franchise rights.

The Texaco Trading franchise (Ord. 88-0059F), is being repealed since all pipelines were sold to Williams Telecommunication Group in 1989, and/or transferred to the Texaco CA common-carrier franchise (Ord. 96-0019F) in 1997. The Texaco CA franchise is being repealed since it is no longer needed after transfer of the franchise rights to Shell CA LLC, and the area covered by the Texaco CA franchise is now a part of the Shell CA LLC franchise (Ord. 91-0155F).

The Audit Division of Auditor-Controller, Department of Public Works and Fire Department have reviewed the request and have no objections to approving and adopting the ordinances that amend and repeal these franchises. County Counsel has reviewed the accompanying ordinances and approved them as to form.

ENVIRONMENTAL DOCUMENTATION

Amending and repealing these petroleum pipeline franchises is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will not impact or adversely affect any current services.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors to send an approved copy of this letter and the adopted ordinances to Shell California Pipeline Company LP, Attention: Val K. Hatley, 20945 South Wilmington Avenue, Room 1566 TSP, Carson, CA 90810-1039, and forward approved copies of this letter and the adopted ordinances to the offices of County Counsel, Auditor-Controller, Audit Division, Department of Public Works, Fire Department, Fire Prevention, Petrochemical Unit, and the Chief Administrative Office, Real Estate Division, Attention: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CB:RB:cc

Attachments (10)

c: County Counsel
Auditor-Controller
Department of Public Works
Fire Department

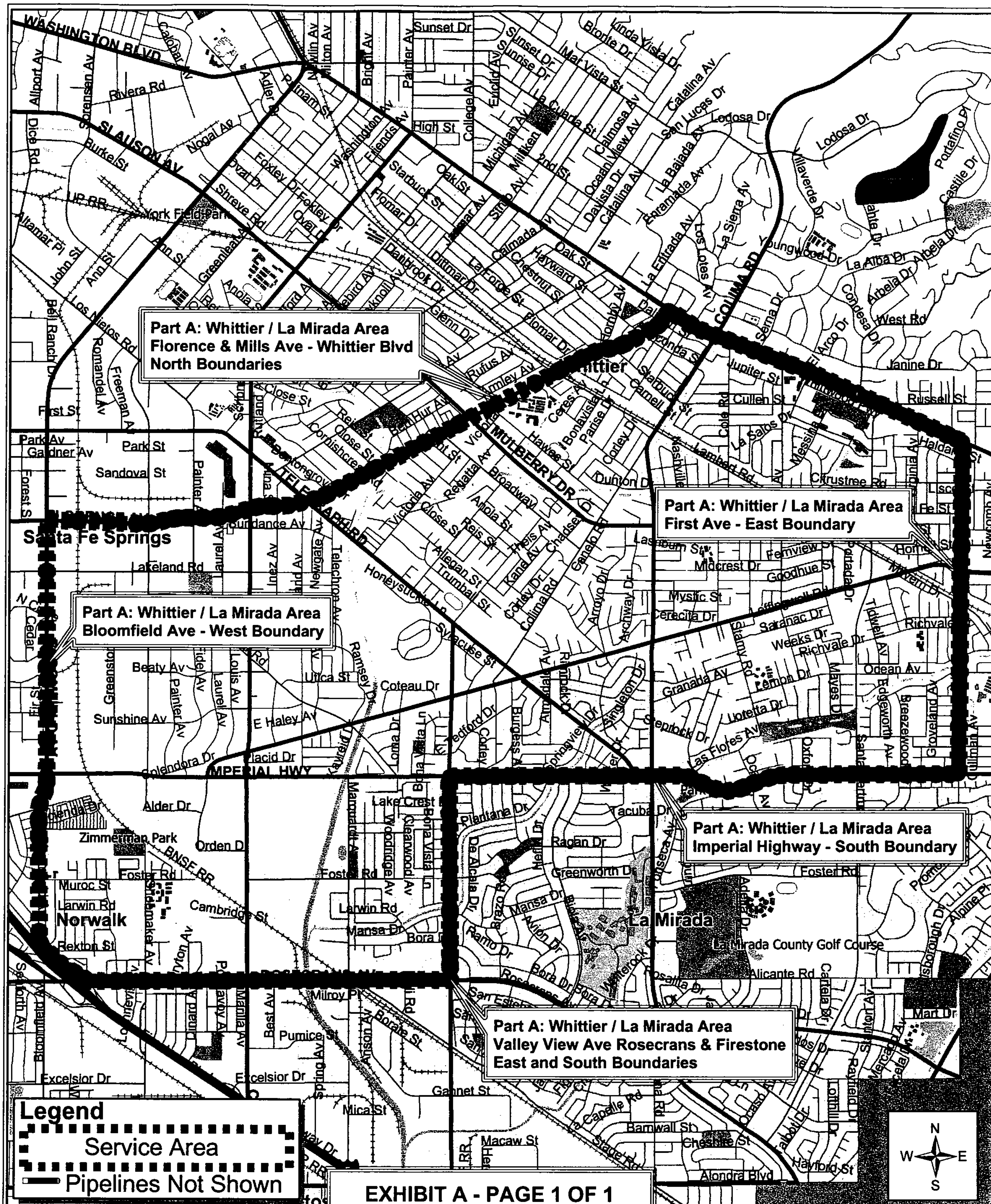
FRANCHISE SERVICE AREA MAPS

Ten Pages of Service Area Maps

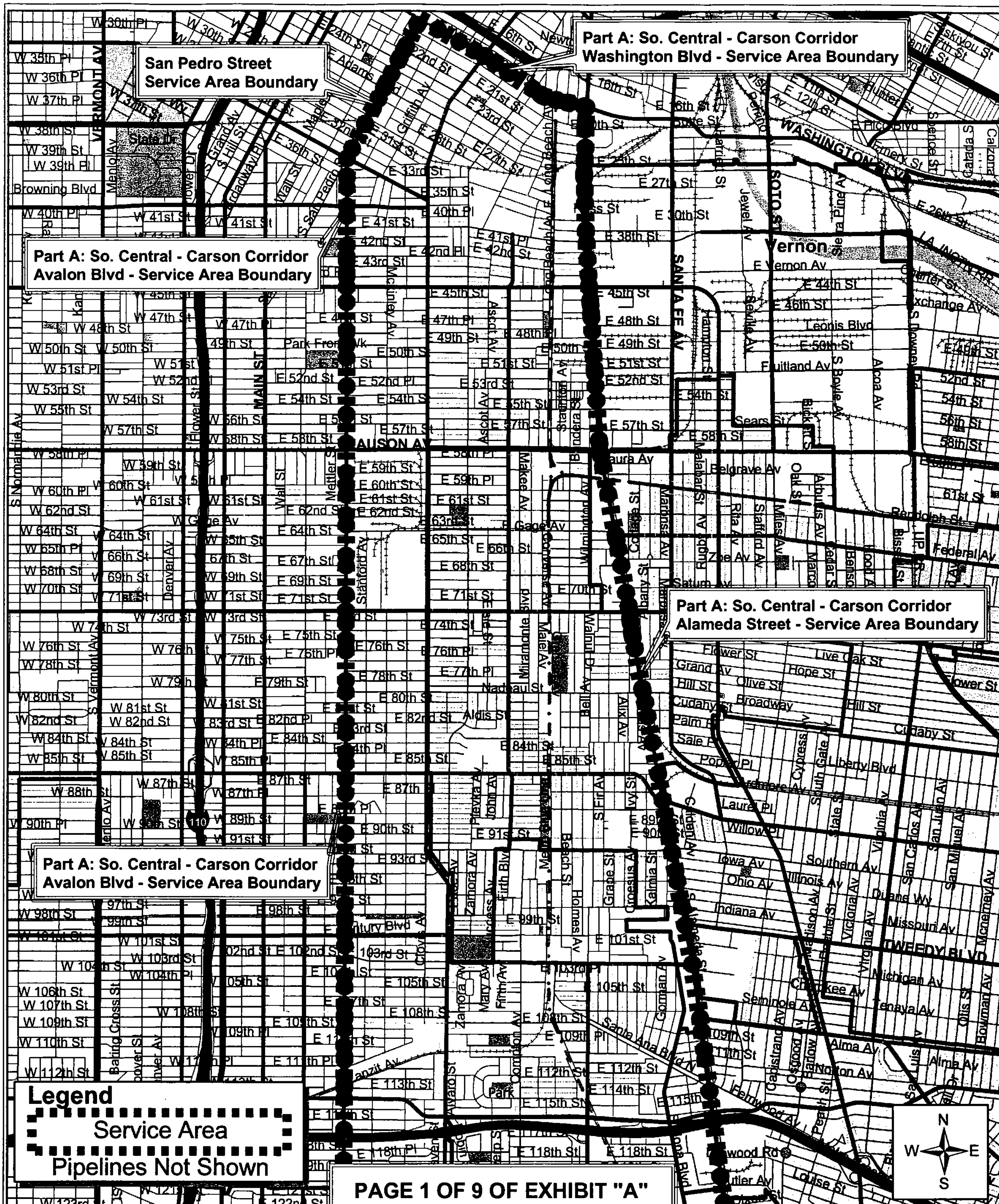
These maps, which are attached to their respective ordinances as "Exhibit A", illustrate the location of the areas affected by each of the ordinances and are provided for the convenience of the reader.

Exhibit A Map 1 of 1
Equilon Enterprises LLC, dba Shell Oil Products US
Ordinance No. 92-0021F

Exhibit A Maps 1 through 9
Shell California Pipeline Company
Ordinance No. 91-0155F, As Amended

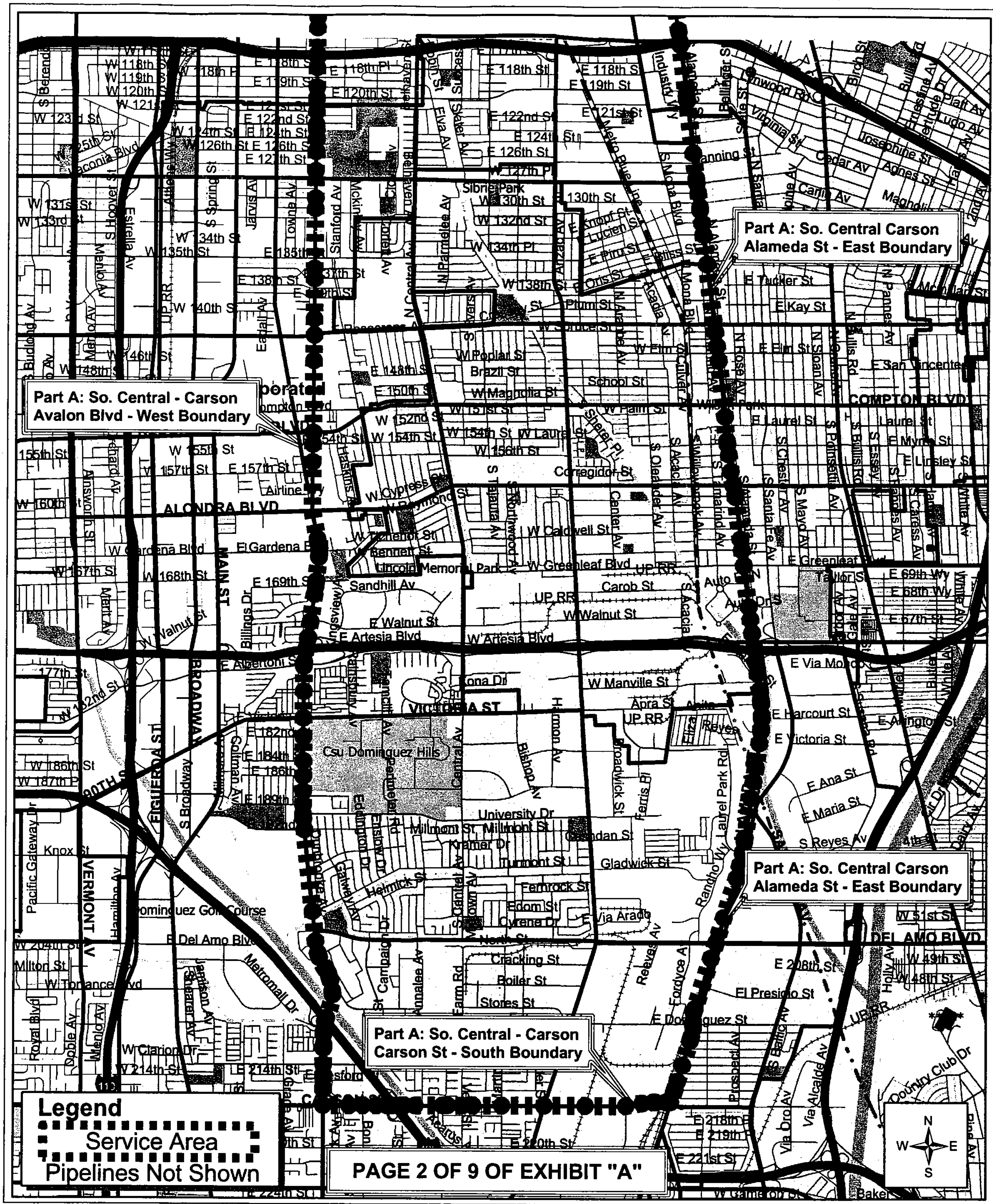


Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Equilon Enterprises LLC dba Shell Oil Products US Proprietaty Petroleum Pipeline Franchise Part A: Whittier / La Mirada Service Area	Equilon / Shell 92-0021F
Sup Dist. Dist 1, 4		Agent R. Ball

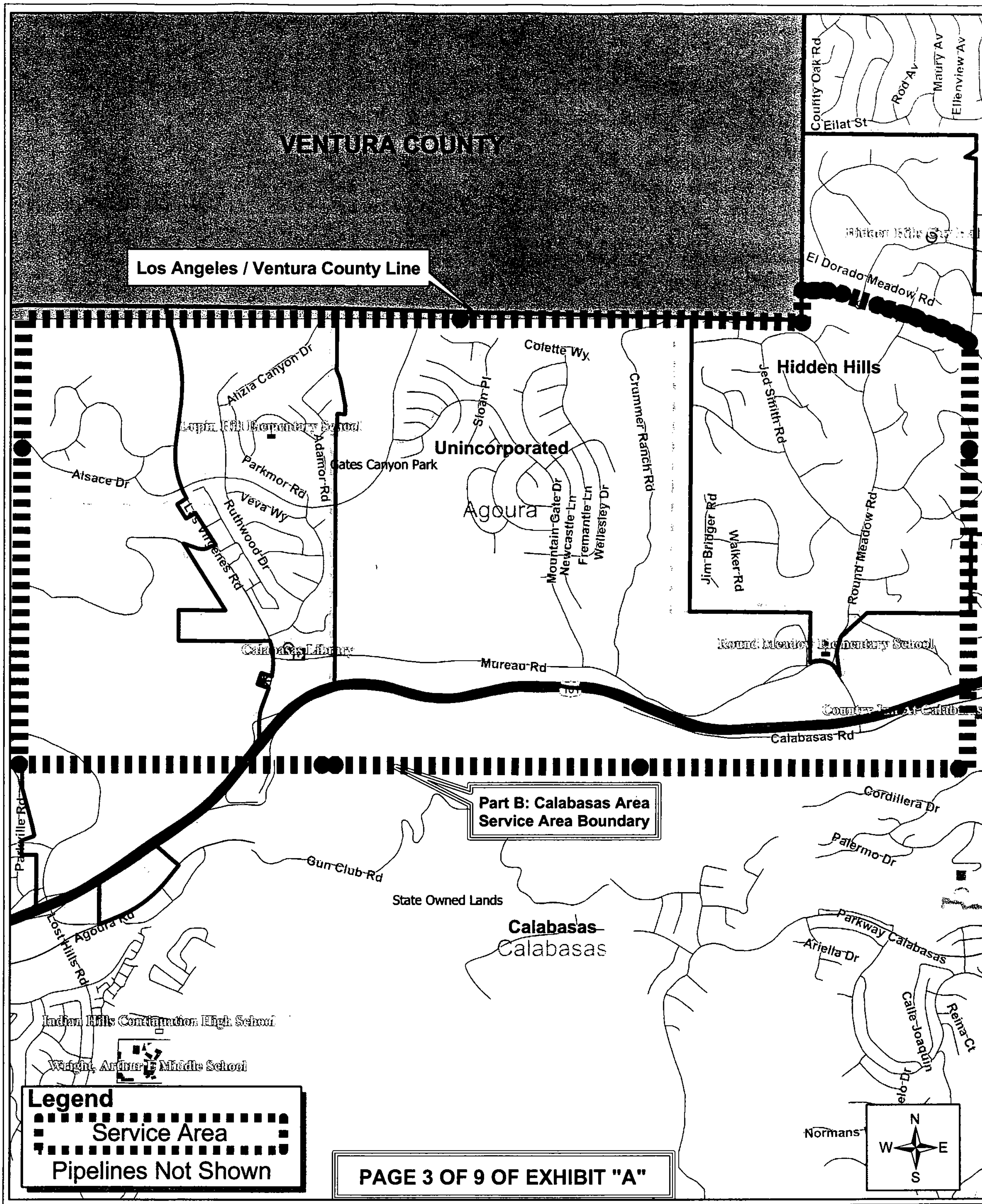


PAGE 1 OF 9 OF EXHIBIT "A"

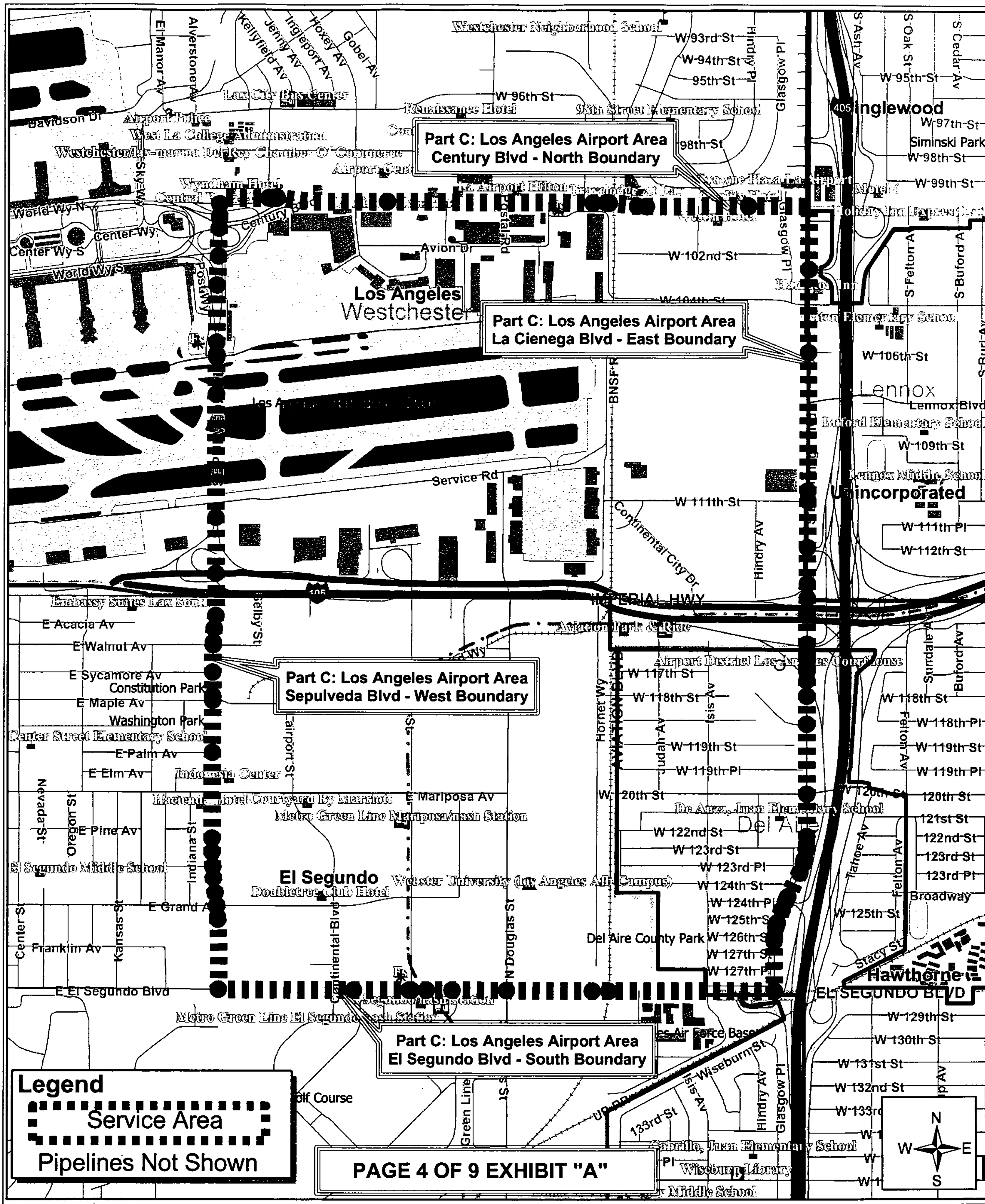
Date June 15, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **Shell California Pipeline Company LLC** **Common Carrier Petroleum Pipeline Franchise** **Part A: South Central Los Angeles Carson Corridor**	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 1,2		Agent R. Ball



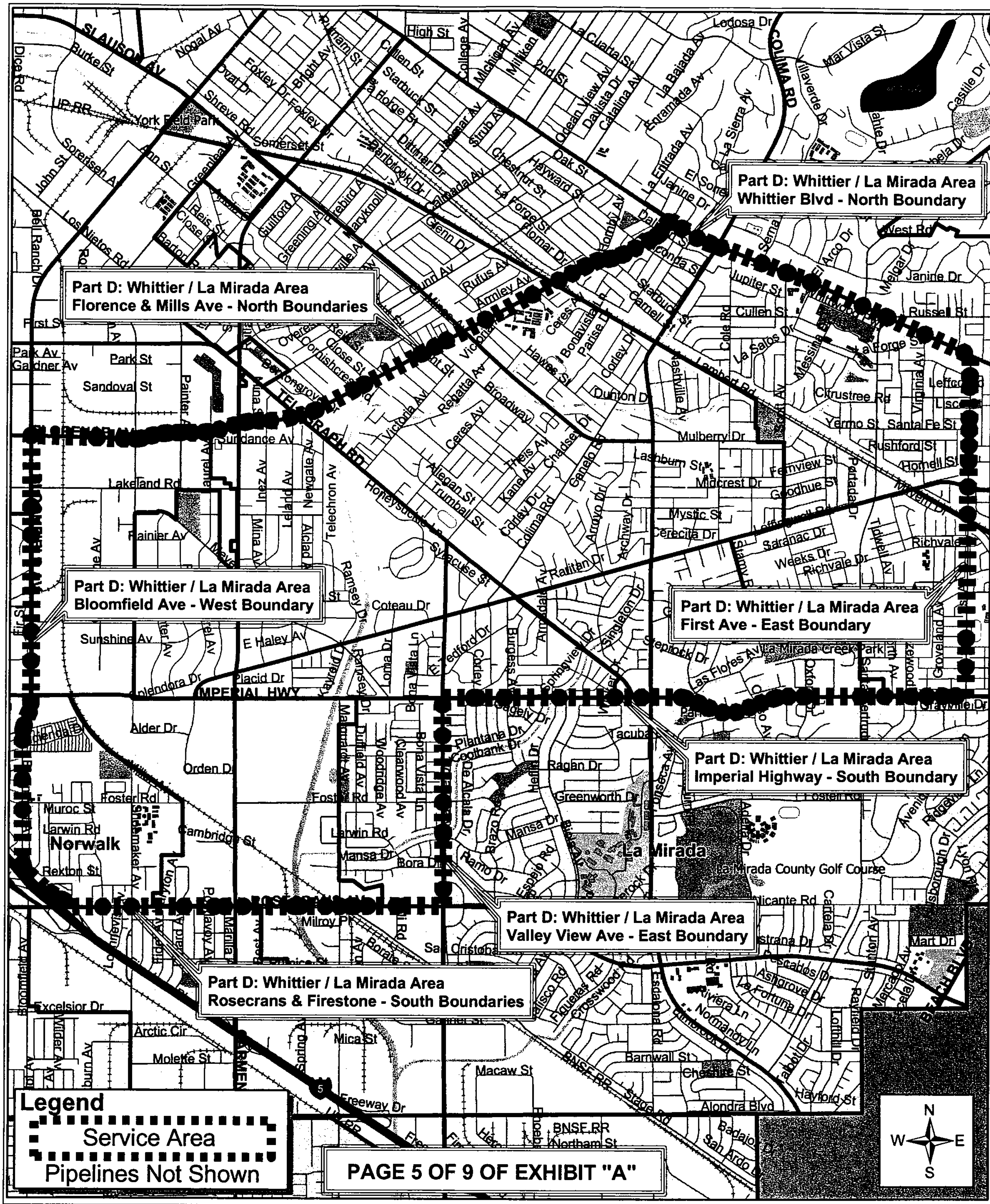
Date June 15, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **Shell California Pipeline Company LLC** **Common Carrier Petroleum Pipeline Franchise** **Part A: South Central Los Angeles Carson Corridor**	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 1,2		Agent R. Ball



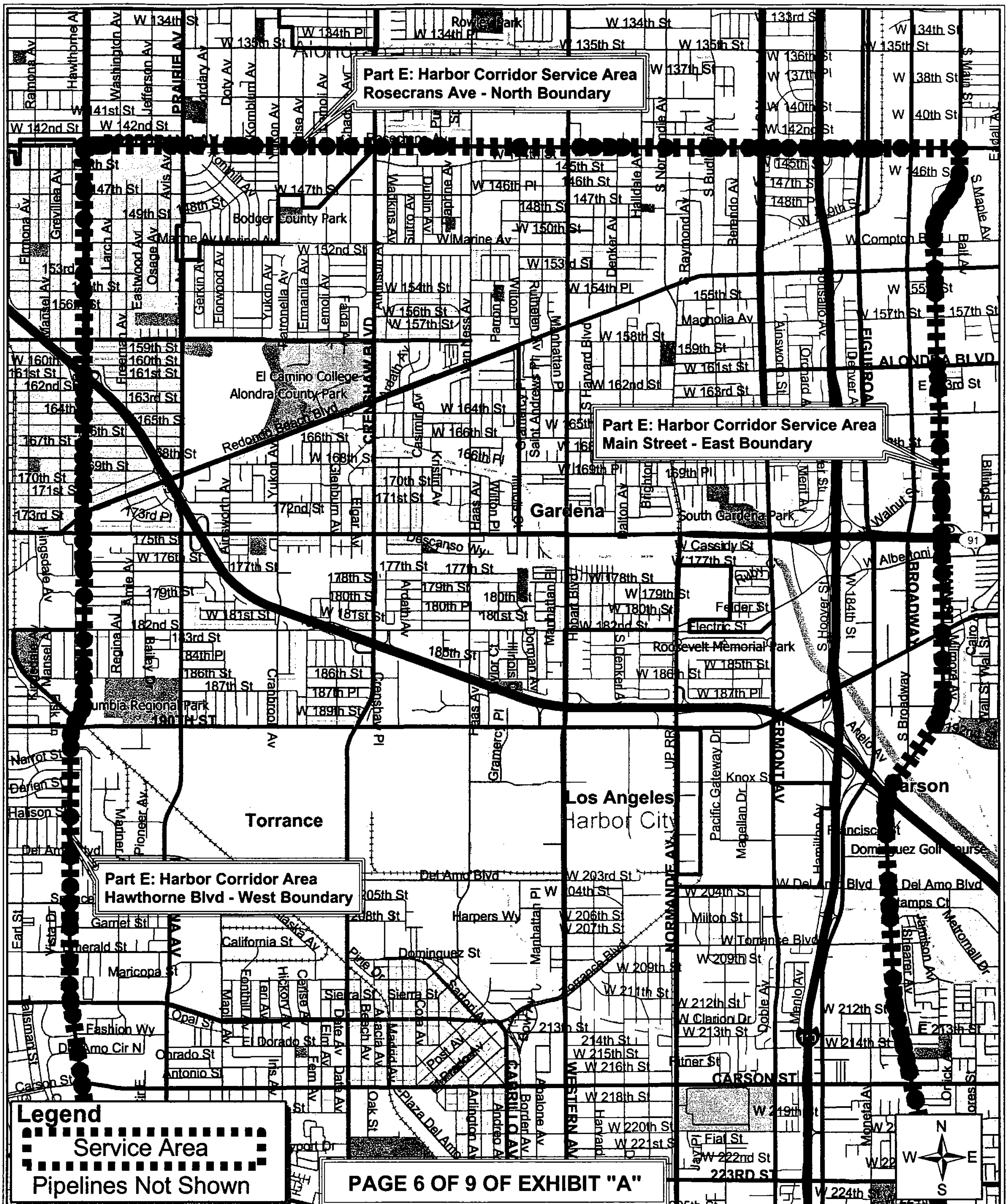
Date June 15, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **Shell California Pipeline Company LLC** **Common Carrier Petroleum Pipeline Franchise** **Part B: Calabasas Service Area**	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 3		Agent R. Ball



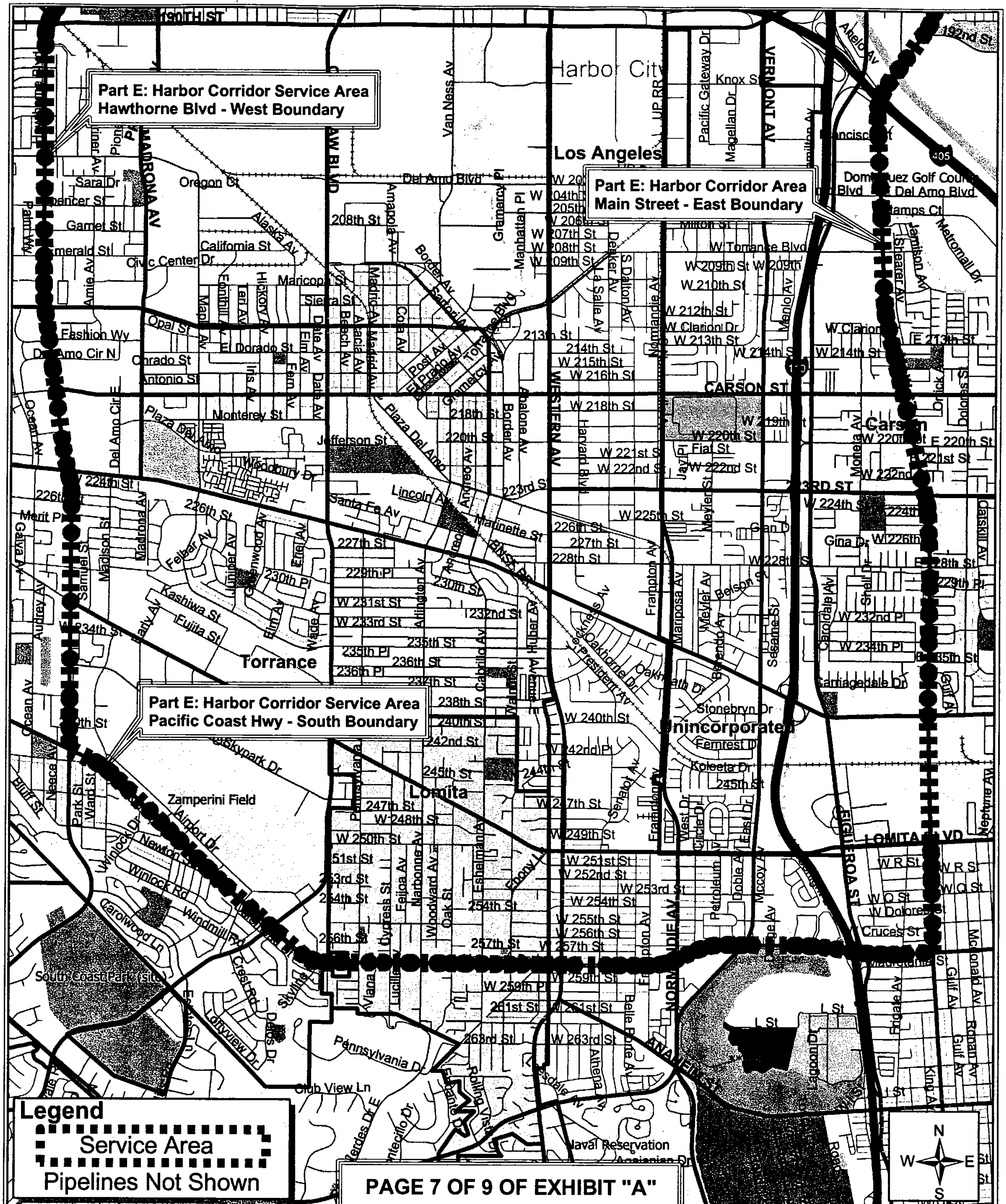
Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part C: Los Angeles Airport Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 2, 4		Agent R. Ball



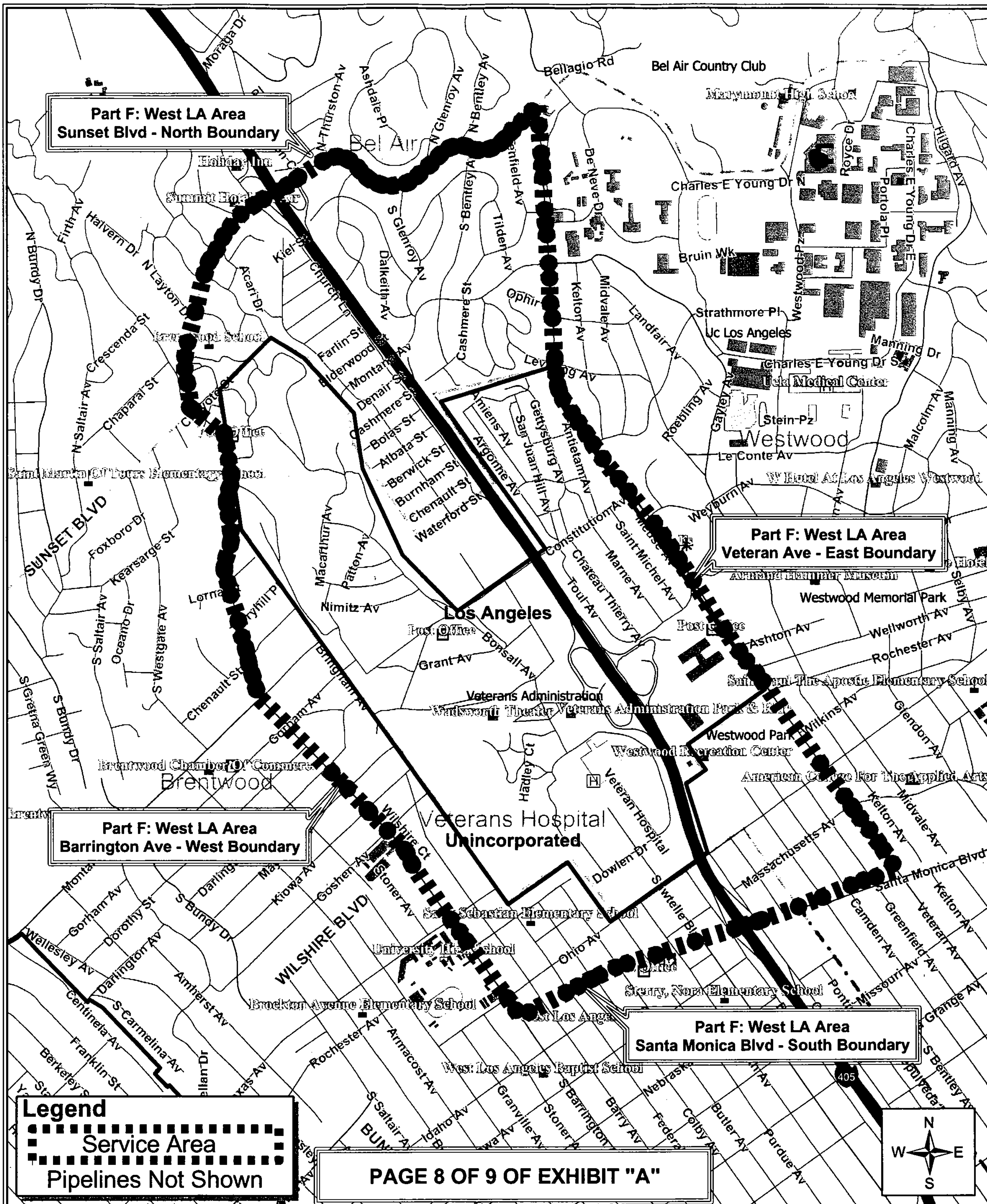
Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part D: Whittier / La Mirada Service Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 1, 4		Agent R. Ball



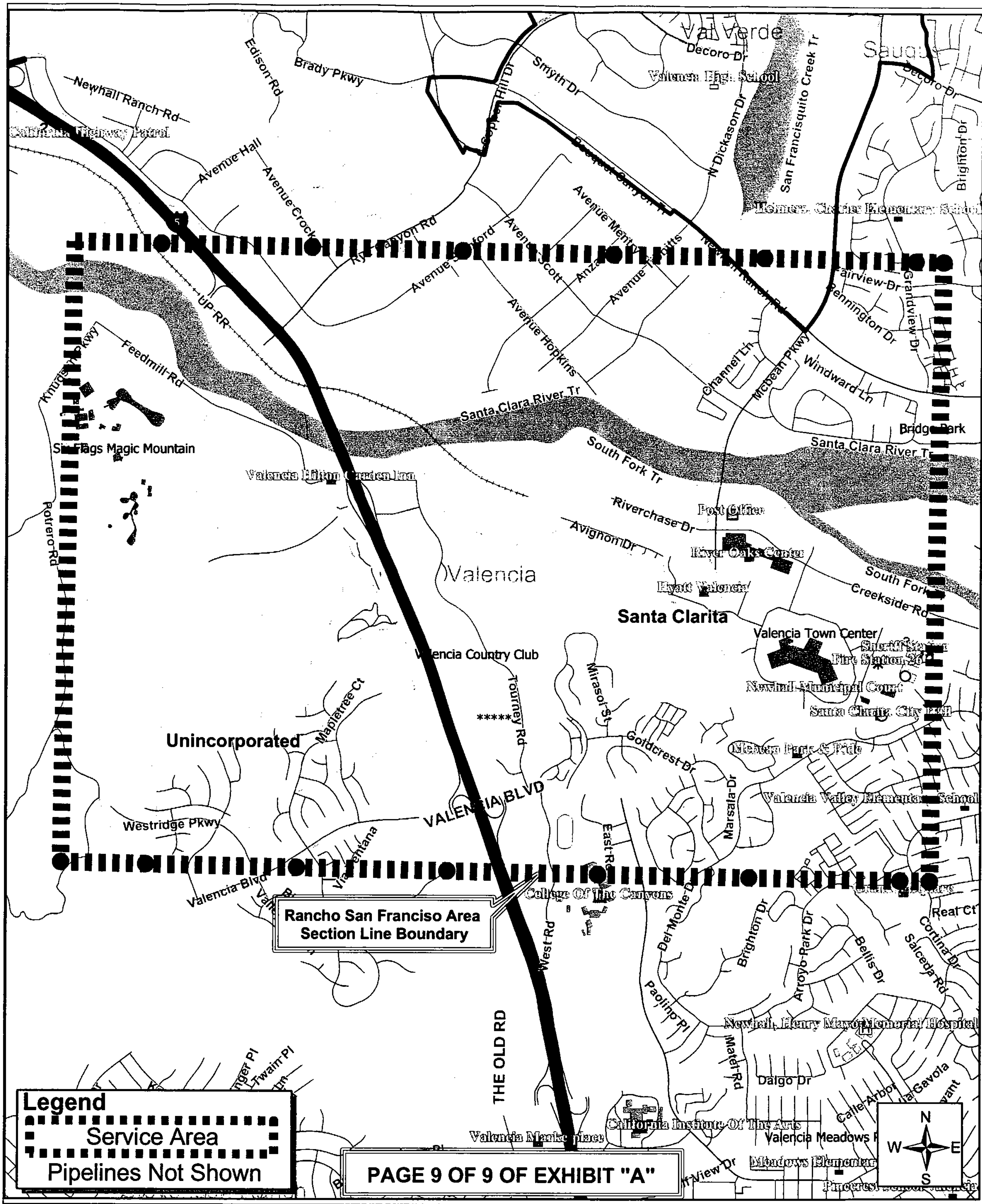
Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part E: Harbor Corridor Area (North)	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 2, 4		Agent R. Ball



Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part E: Harbor Corridor Area (South)	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 2, 4		Agent R. Ball



Date June 15, 2004	COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE Shell California Pipeline Company LLC Common Carrier Petroleum Pipeline Franchise Part F: West Los Angeles Service Area	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 3		Agent R. Ball



Date June 15, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **Shell California Pipeline Company LLC** **Common Carrier Petroleum Pipeline Franchise** **Part G: Rancho San Francisco Area**	Equilon / Shell CA 91-0155F / 97-0057F
Sup Dist. Dist 5		Agent R. Ball

ANALYSIS

This ordinance amends the proprietary petroleum pipeline franchise granted to Shell Oil Company, by Ordinance No. 92-0021F, to reflect a transfer of the franchise to Equilon Enterprises LLC, a Delaware limited liability company, dba Shell Oil Products US, to delete four service areas located in the Long Beach, Los Angeles Airport, Harbor Corridor, and West Los Angeles unincorporated areas, and to update the terms and conditions of the franchise relating to transfers and assignments, payment of fees, annual reports, and indemnification, insurance and bonding.

OFFICE OF THE COUNTY COUNSEL

By Kathleen D. Felice
KATHLEEN D. FELICE
Senior Deputy County Counsel
Public Works Division

KDF:ia

12/30/03 (requested)

10/05/04 (revised)

254426_1

ORDINANCE NO. ____________

An ordinance amending the proprietary petroleum pipeline franchise granted to Shell Oil Company, by Ordinance No. 92-0021F, to reflect a transfer of the franchise to Equilon Enterprises LLC, a Delaware limited liability company, dba Shell Oil Products US, to delete four service areas and to update the terms and conditions of the franchise.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 1. Franchise Term, Grant.

The right, privilege, and franchise is granted to ~~Shell Oil Company~~Equilon Enterprises LLC, a Delaware limited liability company, dba Shell Oil Products US ("Franchisee"), and its successors and assigns, ~~to lay or construct from time to time and~~for the period of twenty-five (25) years, beginning February 23, 1992, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for the collection, transportation, or distribution of ~~oil,~~ petroleum, oil, gas, gasoline, other liquid hydrocarbon ~~substances~~products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, ~~except~~excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980", ~~the "Federal~~

~~Pollution Water Control Act", and the "Solid Waste Disposal Act"~~42 U.S.C. section 9601 et seq., and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances, and ~~service~~ connections necessary or ~~convenient~~appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or ~~convenient~~appropriate for the Franchisee's ~~business~~operation in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within the following described service area or areas within the unincorporated territory of the County of Los Angeles ("County"), State of California and depicted on the map attached hereto as Exhibit "A" (Map 1 of 1).

~~Part A. Long Beach Area:~~

~~Those unincorporated areas of Los Angeles County lying within the following boundaries:~~

~~Beginning at the intersection of the centerlines of Studebaker Road and Wardlow Road as same existed on September 16, 1991, said intersection being located in the City of Long Beach; thence easterly along the centerline of Wardlow Road to the centerline of Norwalk Boulevard; thence southerly along the centerline of Norwalk Boulevard to the Los Angeles County line; thence southwesterly along the Los Angeles County line to the centerline of Willow Street; thence westerly along the centerline of Willow Street to the centerline of Studebaker Road; thence northerly along the centerline of Studebaker Road to the point of beginning.~~

~~Part B. Los Angeles Airport Area:~~

~~Those unincorporated areas of Los Angeles County lying within the following boundaries:~~

~~Beginning at the intersection of the centerlines of Sepulveda Boulevard and Century Boulevard as same existed on September 16, 1991, said intersection being located in the City of Los Angeles; thence easterly along the centerline of Century Boulevard to the centerline of La Cienega Boulevard; thence southerly along the centerline of La Cienega Boulevard to the centerline of El Segundo Boulevard; thence westerly along the centerline of El Segundo Boulevard to the centerline of Sepulveda Boulevard; thence northerly along the centerline of Sepulveda Boulevard to the point of beginning.~~

Part ~~C~~A. Whittier/La Mirada Area (Map 1 of 1 of Exhibit "A"):

~~Those unincorporated areas of Los Angeles County lying within the following boundaries:~~Beginning at the intersection of the centerlines of Bloomfield Avenue and Florence Avenue as same existed on September 16, 1991, said intersection being located in an unincorporated area of the County of Los Angeles; thence easterly along the centerline of Florence Avenue to the point on said centerline where ~~it~~Florence Avenue becomes Mills Avenue; thence northeasterly along the centerline of Mills Avenue to the centerline of Whittier Boulevard; thence southeasterly along the centerline of Whittier Boulevard to the centerline of 1st Avenue; thence southerly along the centerline of 1st Avenue to the centerline of Imperial Highway; thence westerly along the centerline of Imperial Highway to the centerline of Valley View Avenue; thence southerly along the centerline of Valley View Avenue to the centerline of Rosecrans Avenue; thence westerly along the centerline of Rosecrans Avenue to the centerline of Firestone Boulevard; thence northwesterly along the centerline of Firestone Boulevard to the centerline of Bloomfield Avenue; thence northerly along the centerline of Bloomfield Avenue to the point of beginning, as same centerlines existed on September 16, 1991.

~~Part D. Harbor Corridor Area:~~

~~Those unincorporated areas of Los Angles County lying within the following boundaries:~~

~~Beginning at the intersection of the centerlines of Hawthorne Boulevard and Rosecrans Avenue as same existed on September 16, 1991, said intersection being located in the City of Hawthorne; thence easterly along the centerline of Rosecrans Avenue to the centerline of Main Street; thence southerly along the centerline of Main Street to the centerline of Pacific Coast Highway; thence westerly and northwesterly along the centerline of Pacific Coast Highway to the centerline of Hawthorne Boulevard; thence northerly along Hawthorne Boulevard to the point of beginning.~~

~~Part E. West Los Angeles Area:~~

~~Those unincorporated areas of Los Angeles County lying within the following boundaries;~~

~~Beginning at the intersection of the centerlines of Santa Monica Boulevard and Barrington Avenue as same existed on September 16, 1991, said intersection being located in the City of Los Angeles; thence northwesterly along the center line of~~

~~Barrington Avenue to the centerline of Sunset Boulevard; thence northeasterly along the centerline of Sunset Boulevard to the centerline of Veteran Avenue; thence southerly and southeasterly along the centerline of Veteran Avenue to the centerline of Santa Monica Boulevard; thence southwesterly along the centerline of Santa Monica Boulevard to the point of beginning.~~

SECTION 2. Section 2 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 2. Consideration; Payment of Fees.

A. As consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before the following April 15th, for each year during the life of the franchise ("fee payment date"), ~~including the year of granting the franchise~~ to the County~~ of Los Angeles~~, in lawful money of the United States, a ~~"base annual~~franchise fee~~"~~ computed annually ("annual franchise fee"). The annual franchise fee shall consist of a "base annual fee," which shall be adjusted annually as provided herein as follows:

~~A~~1. For ~~P~~pipe of eight (8) inches or less in nominal internal diameter, the base annual fee shall be ~~nineteen(19)~~twenty-one (21) cents per linear foot~~.~~ for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date; and

~~B~~2. For ~~P~~pipe greater than eight (8) inches in nominal internal diameter, the base annual fee shall be ~~nineteen (19)~~twenty-one (21) cents per linear foot for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date, for the first eight (8) inches of nominal internal diameter, plus three (3) cents per nominal internal diameter inch for each inch or fraction thereof over eight (8) inches.

3. The amount of~~ each annual payment of~~ the ~~base~~ annual franchise fee is to be ~~revised~~adjusted every year, at the ~~time of~~applicable fee payment date, in accordance with the following formula:

~~1~~a. The "~~Wholesale~~ 'Producer' Price Index" (1982 = 100) For "All Commodities", established by the United States Bureau of Labor Statistics, Department of Labor ("Bureau"), shall be defined as the "index," and such index as it stands on the date the franchise ~~is granted,~~ becomes effective, shall be ~~taken~~defined as the "base index".

~~2~~b. If ~~said~~the index for the ~~last calendar~~ month of September ~~ending prior to~~immediately preceding the ~~month in which~~fee payment date ~~to the County is due shall stand at other than~~differs from ~~said~~the "base index", then the ~~rate of payment to the County shall vary from said~~ "base annual fee~~" in direct proportion as~~ shall increase or decrease by the percentage increase or decrease (if any) between ~~said~~the index ~~has increased from~~for the month of September immediately preceding the fee payment date and the "base index~~", as hereinabove defined~~, provided, ~~however,~~that, ~~no event shall the amount of the annual payment be less than the "base annual fee" as set forth herein~~if the index drops below the base index, no adjustment shall be made. For example, if the base index is 200 and the index in September is 210, the annual franchise fee shall be one hundred five percent (105%) times the base annual fee. If said Bureau shall revise the ~~said~~ index, the parties hereto shall accept the method of revision for conversion recommended by ~~said~~the Bureau.

~~3~~c. If ~~said~~the Bureau ~~shall~~discontinues the use of 1982 = 100 as the base in its preparation of ~~said~~the index, and if no transposition table prepared by the Bureau is available applicable to ~~using prices prevailing in~~ the ~~Y~~year of 1982, then the amount of each annual ~~payment~~franchise fee shall be computed by reference to such other price index as may be chosen by the County, and the County shall be the sole judge of comparability of successive indices.

~~C~~B. ~~In addition to the foregoing annual payment, the~~ Franchisee shall also pay:

1. ~~Pay t~~The County Department of Public Works, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an initial construction charge calculated at a rate of ~~O~~one ~~H~~hundred ~~D~~dollars ($100~~.00~~) per mile or fraction thereof, for all new main lines laid during ~~the~~that preceding calendar year~~, during the life of the franchise~~.

2. ~~Pay t~~The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of ~~T~~twenty-~~F~~five ~~D~~dollars ($25~~.00~~) per pole-mile or portion thereof ~~for main lines maintained under the franchise,~~for aerial or above-ground lines and ~~T~~twenty-~~F~~five ~~D~~dollars ($25~~.00~~) per mile or portion thereof ~~o~~for underground conduit for wire, cable, telephone, or telegraph lines maintained under the franchise during that preceding calendar year.

~~D~~C. The County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every~~at five-year intervals~~ ~~from the effective date of this Ordinance granting the franchise~~ five (5) years, if the Board of Supervisors ("Board") determines, after a public hearing, ~~determines~~that good cause ~~is found~~exists for such change, and such action is not in conflict with the laws of the ~~s~~State of California.

~~E~~D. Franchisee ~~agrees to~~shall also pay any application, administrative, repeal, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rates ~~for such actions~~.

SECTION 3. Section 3 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the Chief Administrative Office ("CAO"), Director of Real Estate, ~~within sixty (60) days after the expiration of the calendar year, or fractional calendar year, following~~on the fee payment date, ~~of the granting of the franchise and within sixty (60) days after the expiration of each calendar year thereafter, two copies~~one copy to each, a report, verified ~~by the~~under oath ~~of the Franchisee or~~by ~~the oath of~~a duly authorized representative of the Franchisee, showing~~,~~ as of December 31 ~~for~~of the immediately preceding ~~franchise period~~calendar year or fractional calendar year following the effective date of this franchise ("franchise report period"), the length of main lines in highways, the nominal internal diameter of such main lines, the rate per foot per year defined as the amount per linear foot per year payable under Section 2A, and computation of the total amount of the annual franchise fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or the CAO, Director of Real Estate to calculate or verify the calculation of the annual franchise fee as required by Section 2.

B. ~~On this~~In the report prepared pursuant to subsection 3.A above, ~~the~~Franchisee shall also show: any change in franchise footage since the ~~last~~end of the most recent prior franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, ~~and~~ including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph, or telephone lines, old conduit removed, old conduit abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent prior franchise report period.

C. File with the Director of the County Department of Public Works and the CAO, Director of Real Estate, within sixty (60) days after the end of ~~the calendar year~~ each franchise report period, with one copy to each, a report, ~~in duplicate,~~showing the permit number of each permit obtained for the installation of new main lines and conduits during the ~~immediately preceding~~just completed franchise report period, together with the length and size of ~~said~~such main lines and conduits.

SECTION 4. Section 4 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 4. Late Payments.

A. ~~The Franchisee during the life of the franchise shall make annual payments to the County, as provided in Sections 2 and 3 supra, within sixty (60) days after the end of each calendar year.~~In the event ~~the~~ Franchisee fails to make any of the payments ~~for the franchise on or before the dates due as hereinabove~~provided~~,~~ for herein on or before the dates they are due, the Franchisee shall pay ~~as additional consideration the following amount:~~a late charge of ten percent (10%) of the amount due~~.~~, ~~S~~said ~~amount~~ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty ~~in~~of affixing actual damages from a breach of ~~said~~these time ~~and~~of performance requirements.

B. ~~For each period of late payment~~In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, ~~extending beyond thirty (30)~~is not received within ninety (90) days ~~of~~after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

SECTION 5. Section 5 of Ordinance No. 92-0021F is hereby amended to read as follows:

~~Section 5. Franchisee shall meet the following indemnification, insurance and bonding requirements:~~

~~A. Franchisee agrees to indemnify, defend and save harmless County, its agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability based upon, arising out of or attributable to any actual or alleged discharge, dispersal, release or escape of any pollutants into or upon any person, thing or place including the land, the atmosphere, any man-made structure and any above or below ground watercourse or body of water, arising from or connected with Franchisee's operations, or its services hereunder, including any Workers' Compensation suits, liability or expense, arising from or connected with services performed on behalf of Franchisee by any person pursuant to this franchise.~~

~~B. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense during the term of this franchise the programs of insurance covering its operations hereunder set forth hereinbelow. Such insurance shall be provided by insurer(s) satisfactory to County Risk Manager and evidence of such programs satisfactory thereto shall be delivered to the Director, on or before the effective date of this franchise. Insurance policies and certificates evidencing coverage shall name the County of Los Angeles, its officers, agents, and employees as additional insureds in respect to Franchisee's operations under the franchise. Such evidence shall specifically identify this franchise and shall contain express conditions that County is to be given written notice by registered mail at least sixty (60) days in~~

~~advance of any modification or termination of any program of insurance. The required coverage is as follows:~~

~~1. Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by County, shall name the County of Los Angeles as an additional insured, and shall include, but not be limited to:~~

~~(a). Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, Pollution Liability, Contractual, Broad Form Property Damage and Personal Injury with a combined single limit of not less than Five Million Dollars ($5,000,000) per occurrence. If the above insurance is written on a Claims Made Form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination of policy.~~

~~(b). Comprehensive Auto Liability insurance endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least One Million Dollars ($1,000,000) per occurrence.~~

~~2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a $150,000 limit, covering all persons providing services on behalf of Franchisee and all risks to such persons under this franchise. Such insurance shall also provide for every benefit and payment under obligation of the Federal U.S. Longshoreman and Harbor Worker Compensation Act, paying particular attention to Public Law 92.572. In lieu of the policy of Worker's Compensation Insurance required in this Section, Franchisee may substitute and~~

~~provide a certificate of consent to self-insurance, issued by the Director of Industrial Relations of the State of California.~~

~~C. Franchisee shall furnish the Director of the County Internal Services Department, within thirty (30) days of the adoption of the ordinance granting the franchise, either certified copies of said policies or a certificate of insurance for each of the required policies executed by the company issuing the policy, certifying that the policy is in force.~~

~~D. 1. Within thirty (30) days of the adoption of the ordinance granting the franchise, Franchisee shall provide, to the Director of County Internal Services Department, a faithful performance bond in the sum of not less than Fifty Thousand Dollars ($50,000) , payable to the County of Los Angeles and executed by a corporate surety licensed to transact business as a surety in the state of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of the franchise and shall provide that, in case of any breach of condition, the whole amount of the penal sum shall be deemed to be liquidated damages and shall be payable to the County by the principal and sureties of the bond.~~

~~2. The faithful performance bond shall continue to exist for one (1) year following Director's approval of any sale, transfer, assignment or other change of ownership of the franchise, or of the expiration or termination of franchise. The Director may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.~~

~~3. At its sole option, the County may accept certificates of Deposit, Cash Deposits, or U.S. Government Securities in lieu of commercial bonds to meet above bonding requirements. Such alternative bonds shall be made payable to the County and shall be deposited with the County's Auditor-Controller.~~

~~E. The types and amounts of said insurance coverages and bond shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to renew said insurance coverages and bond, in types and amount(s) as determined by the County, within thirty (30) days after written notice to do so from the County.~~

~~F. Failure on the part of the Franchisee to procure or maintain required insurance and bonding shall constitute a material breach of this franchise upon which the County may immediately terminate or suspend this franchise.~~

~~G. The obligation of providing evidence of current insurance policies and bonding shall be on the Franchisee.~~

Section 5. Indemnification, Insurance, and Bonding.

Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents, from and against any and all pollution liability, contamination, or environmental degradation liability, including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify for liability and expense arising from the active negligence of the County.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances, shall be the sole responsibility of Franchisee, and shall be conducted by Franchisee or Franchisee's agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable governmental entity at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or before the expiration date of each term of insurance, to the Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, or such other address(es) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

a. Specifically identify this franchise ordinance.

b. Clearly evidence all insurance required in this franchise ordinance.

c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5.

d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insureds for all activities arising from this franchise.

e. Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d), stating, "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee shall agree to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless otherwise approved by the County), with limits of not less than five million dollars ($5,000,000) per occurrence, fifteen million dollars ($15,000,000) policy aggregate, and fifteen million dollars ($15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars ($1,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars ($5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers Liability insurance with not less than:

a. Each accident: one million dollars ($1,000,000).

b. Disease–policy limit: one million dollars ($1,000,000).

c. Disease–each employee: one million dollars ($1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C.1, within thirty (30) days after the adoption of this ordinance, and the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C, or a certificate of insurance for each of said policies executed by the Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self–insurance or self–insured retention, upon review and approval of the following:

1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration by Franchisee to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify CAO Real Estate Division, at the location specified in subsection 5.C.1, immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-retention program. Resubmission of such a statement may be required annually for the duration of the franchise, or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive), and certifying Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days after the adoption of the ordinance granting this franchise, Franchisee shall provide to the CAO, at the location specified in subsection 5.C.1, a faithful performance bond in the sum of not less than fifty thousand dollars ($50,000) payable to the County of Los Angeles and executed by a corporate surety, acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. government securities in lieu of or in addition to commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County, and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commerce until Franchisee has complied with the provisions of this Section 5, and any operations shall be suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

SECTION 6. Section 6 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 6. Transfers and Assignments.

A. ~~The~~Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof~~,~~ (each of which is hereinafter referred to as an "assignment"), to any other person or entity ("transferee") except with the prior written consent of the ~~Director of the Internal Services Department~~CAO, and after payment of a transfer fee as detailed in subsection 6.G~~, infra~~. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall ~~inform~~give notice to the ~~Director~~CAO of any pending ~~sale, transfer, lease,~~ assignment,~~ hypothecation, placing in trust or change in control,~~ except as excluded in subsection 6.E, and shall provide all documents requested by the CAO, as set forth in subsection 6.F, on which the ~~sale, transfer,~~ assignment~~, lease, hypothecation, trust or change in control~~ is predicated. Consent to any such assignment shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the franchise obligations. Consent from the CAO shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered to County, the assumption by transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided CAO under Section 6F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the ~~Director~~CAO, within thirty (30) days ~~of~~after the effective date of any such ~~action~~assignment, a certified copy of the duly executed instrument(s) ~~of such sale, transfer, assignment, lease, hypothecation, trust or change in control~~which officially evidences such assignment. ~~After reviewing the final transfer documents, the Director may administratively approve the transfer of the franchise rights.~~ If such duly executed instrument is not filed with the ~~Director~~CAO within thirty (30) days after the effective date of such ~~action~~assignment, or if the ~~final documents are~~

~~different from the preliminary documents~~conditions to consent by the CAO have not been met, then upon expiration of said thirty (30) days, the ~~Director~~CAO may ~~inform~~notify the Franchisee and the proposed transferee ~~(assignee)~~ that the ~~transfer~~assignment is not deemed ~~to be in force and effect~~approved by the County. The ~~Director~~CAO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may~~, without notice, by ordinance~~ repeal ~~the~~this franchise.

D. As a condition to the granting of consent to such ~~sale, transfer,~~ assignment, ~~lease, hypothecation, trust or change in control,~~the Board may impose such additional terms and conditions upon ~~the~~this franchise, and upon the ~~grantee or assignee~~proposed transferee, which the ~~Director~~CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing ~~herein~~ contained herein shall be construed to grant ~~the~~ Franchisee the right to ~~sell, transfer, assign, lease, hypothecate, place in trust or change control~~complete an assignment ~~of the franchise or any part thereof,~~except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of the Franchisee, or otherwise.

E. Notwithstanding the foregoing, ~~S~~shareholders, ~~and/or~~ partners, ~~of the~~and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of or a twenty-five percent

(25%) or more interest in ~~the~~ Franchisee, to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest ~~therein~~in the Franchisee on the effective date of the franchise or on the effective date of the last approved assignment, ~~sale, transfer or other action which required the Board's or Director's consent,~~consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed ~~T~~transferee~~(assignee)~~ shall submit an assignment application to the ~~Director of Internal Services~~CAO, which shall contain, but is not limited to:

1. Identification of the ~~applicant~~proposed transferee~~.~~ which ~~I~~indicates the corporate or business entity organization, including the ~~and~~ ~~submit~~submission of copies of the corporate or business formation papers (e.g. articles of incorporation and by-laws~~;~~, limited partnership agreements, operating agreements)~~;~~, and ~~include~~ the names and addresses of any parent or subsidiary of ~~applicant~~the proposed transferee(s), or any other business entity owning or controlling the ~~applicant~~proposed transferee in part or in whole.

2. A ~~C~~current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all the terms and conditions of the franchise.

The financial statement shall ~~I~~include a balance sheet, profit and loss statement for at least the three (3) most recent years, and statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A ~~C~~copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending ~~action which will result in a change in control of the Franchisee~~assignment ("assignment documents").

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. ~~The~~A transfer fee shall be submitted with the ~~applicant's~~Franchisee's request for the County's consent to any ~~action~~assignment described in subsection 6.A~~, supra,~~ and shall be determined as follows:

1. Consent to ~~sale, transfer, transfer of stock,~~ assignment ~~or lease, or any other action not requiring modification of~~ in which the County does not elect to modify the franchise by adoption of an amending ordinance: one thousand dollars ($1,000).

2. Consent to ~~sale, transfer, transfer of stock,~~ assignment ~~or lease, or any other action requiring modification of~~ in which the County elects to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars ($2,500).

3. In the event ~~the~~County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the ~~applicant~~Franchisee and proposed transferee may be required to pay any additional costs incurred by the

County in processing the ~~applicant's~~Franchisee's and/or proposed transferee's request for ~~consent to sale, transfer, transfer of stock,~~ assignment~~, lease, hypothecation or trust of franchise. Such costs may include the costs incurred for hiring consultants to assist in evaluating the application~~. Such costs shall be paid by the Franchisee ~~applicant~~and the proposed transferee prior to final consideration of the request by the ~~Director,~~CAO or the Board, as applicable.

SECTION 7. Section 7 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 7. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the Los Angeles County Code, ~~and the~~in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and 16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for and shall reimburse the County, city or other public entity for any and all additional costs or expenses incurred by the County, city, or other public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 8. Section 8 of Ordinance No. 92-0021F is hereby amended to read as follows:

Section 8. Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, this franchise is granted under all of the ~~same~~ terms and conditions contained in the County Pipeline Franchise

Ordinance, Part 2, Title 16, Division 3A, of the Los Angeles County Code~~: "The Pipeline Franchise Ordinance"~~ as codified ~~and adopted~~ in 1978 and amended to date, which is incorporated herein by reference, ~~and~~as it may hereafter be amended~~, herein called "Ordinance"~~. In the event the terms and conditions of this franchise conflict with the terms of ~~said~~the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the forgoing, Sections 16.52.020H, 16.52.100, 16.52.110, 16.52.120, 16.52.140, 16.52.150, 15.52.200, 16.52.220, 16.52.340, 16.54.050, 16.54.060, 16.54.070, 16.54.080, and 16.54.090 are superseded by this ordinance amending the franchise.

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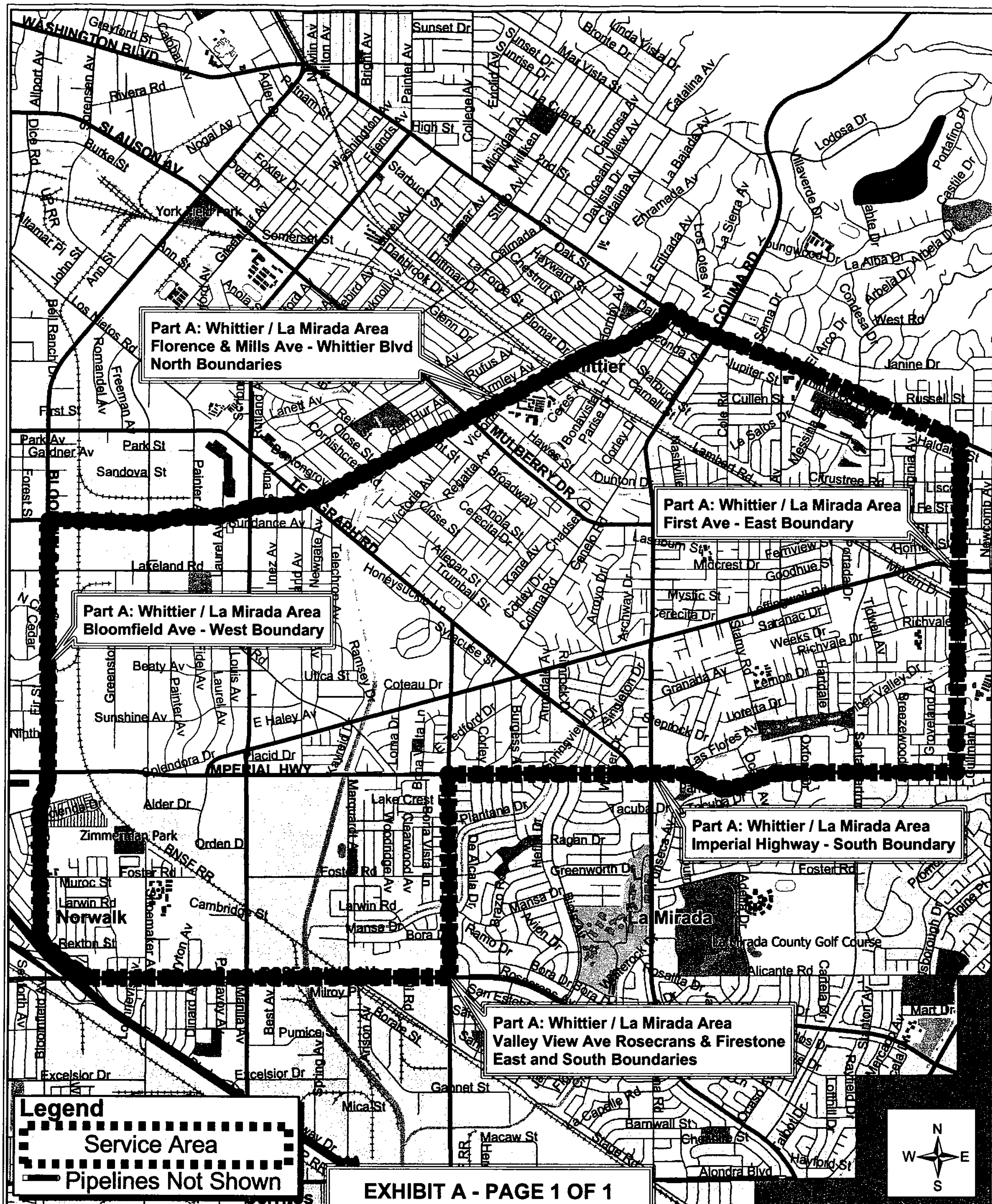

Date June 15, 2004	**COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE** **Equilon Enterprises LLC dba Shell Oil Products US** **Proprietaty Petroleum Pipeline Franchise** **Part A: Whittier / La Mirada Service Area**	Equilon / Shell 92-0021F
Sup Dist. Dist 1, 4		Agent R. Ball